UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RCVD NOV 1 '06
OIL CONS. DIV.
DIST. 3

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a.	**Type of Work** DRILL	**5. Lease Number** USA NM 0546 **Unit Reporting Number**
1b.	**Type of Well** GAS	**6. If Indian, All. or Tribe**
2.	**Operator** ConocoPhillips	**7. Unit Agreement Name** Maddox WN Federal
3.	**Address & Phone No. of Operator** PO Box 4289, Farmington, NM 87499 (505) 326-9700	**8. Farm or Lease Name** **9. Well Number** #9
4.	**Location of Well** Unit I (NESE), 1383' FSL, 1166' FEL Latitude 36° 47'42.76062" N Longitude 108° 09'5.11714" W	**10. Field, Pool, Wildcat** Basin Fruitland Coal **11. Sec., Twn, Rge, Mer. (NMPM)** I Sec. 24 T30N, R13W API # 30-045- 34051
14.	**Distance in Miles from Nearest Town** 2 Miles Farmington	**12. County** San Juan **13. State** NM
15.	**Distance from Proposed Location to Nearest Property or Lease Line** 1166'	
16.	**Acres in Lease**	**17. Acres Assigned to Well** 320.00 acres ~~S/2~~ E/2
18.	**Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease**	
19.	**Proposed Depth** 2093'	**20. Rotary or Cable Tools** Rotary
21.	**Elevations (DF, FT, GR, Etc.)** 5830'GL	**22. Approx. Date Work will Start**
23.	**Proposed Casing and Cementing Program** See Operations Plan attached	
24.	**Authorized by:** Jamie Goodwin Regulatory Specialist	10/30/06 Date

PERMIT NO. _____ **APPROVAL DATE** _____

APPROVED BY _____ **TITLE** AFM **DATE** 11/8/06

Archaeological Report attached
Threatened and Endangered Species Report attached
NOTE: This format is issued in lieu of U.S. BLM Form 3160-3
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

NMOCD 11/14/06

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Fee Lease - 3 Copies
State Lease - 7 Copies
Submit to Appropriate District Office
Revised June 10, 2003
Form C-102

2006 NOV 1 AM 9 59

☐ AMMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045- 34051	71629	FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
31687	MADDOX WN FEDERAL	9

7 OGRID No.	8 Operator Name	9 Elevation
217817	CONOCOPHILLIPS COMPANY	5,830.1'

10 SURFACE LOCATION

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	24	30-N	13-W		1383	SOUTH	1166	EAST	SAN JUAN

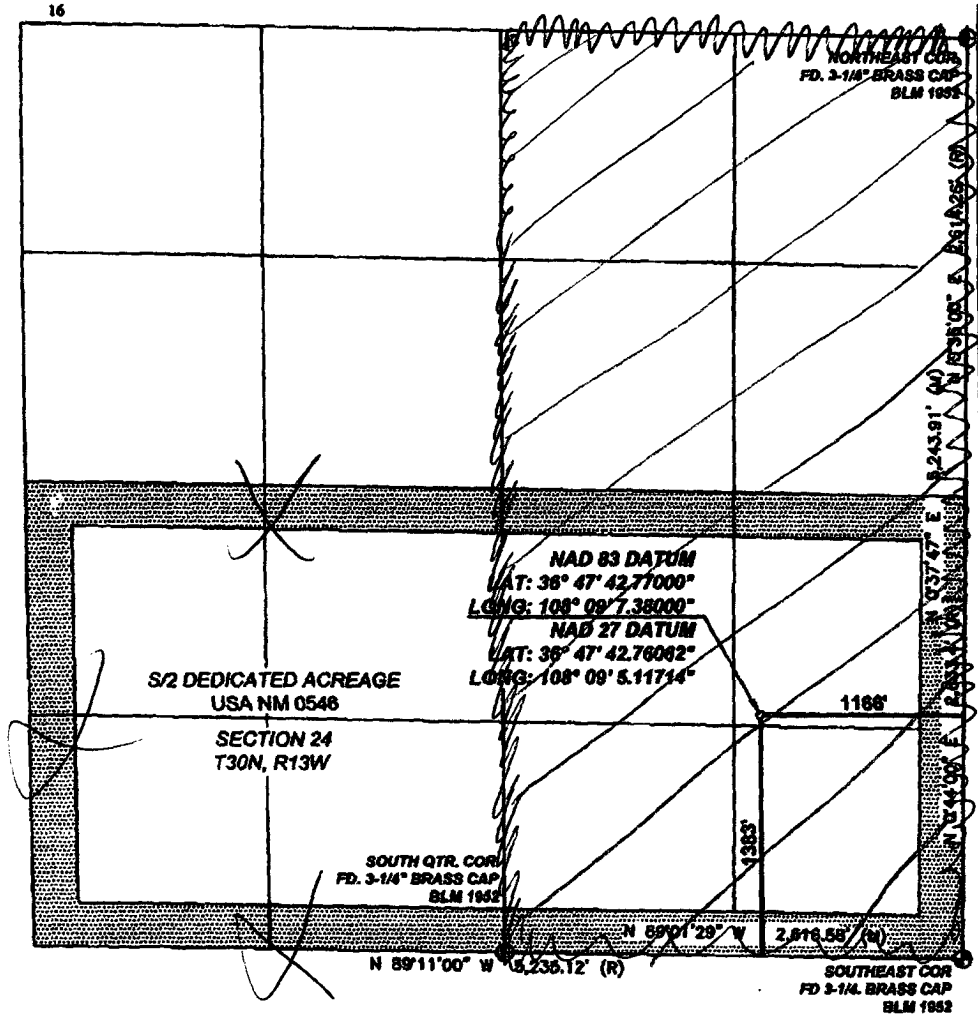
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320 S/2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature

Juanita Farrell
Printed Name

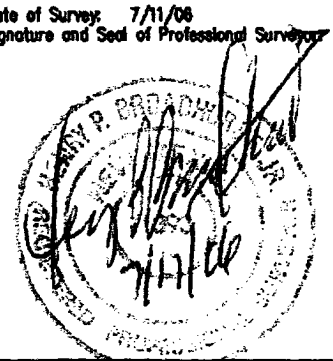
Regulatory Specialist
Title and E-mail Address

8/17/2006
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: 7/11/06
Signature and Seal of Professional Surveyor



Certificate Number: NM 11393

B 11/14/06

Submit 3 Copies To Appropriate District Office

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State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-045- 34051
5. Indicate Type of Lease STATE ☐ FEE ☐
6. State Oil & Gas Lease No. Federal Lease - USA NM 0546

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Maddox WN Federal

1. Type of Well: Oil Well ☐ Gas Well ☒ Other
8. Well Number: #9

2. Name of Operator: ConocoPhillips Company
9. OGRID Number: 217817

3. Address of Operator: 3401 E. 30TH STREET, FARMINGTON, NM 87402
10. Pool name or Wildcat: Basin Fruitland Coal

4. Well Location
Unit Letter I : 1383' feet from the South line and 1166' feet from the East line
Section 24 Township 30N Rng 13W NMPM County San Juan

11. Elevation (*Show whether DR, RKB, RT, GR, etc.*) 5830'

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type New Drill Depth to Groundwater >100 Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 4400 bbls; Construction Material Synthetic

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:		New Drill	☒	OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

New Drill, Lined:

ConocoPhillips proposes to construct a new drilling pit, an associated vent/flare pit and a pre-set mud pit (if required). Based on ConocoPhillips' interpretation of the Ecosphere's risk ranking criteria, the new drilling pit and pre-set mud pit will be lined pits as detailed in ConocoPhillips' General Plan dated June 2005 on file at the NMOCD office. A portion of the vent/flare pit will be designed to manage fluids and that portion will be lined as per the risk ranking criteria. ConocoPhillips anticipates closing these pits according to the November 1, 2004 Guidelines.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.**

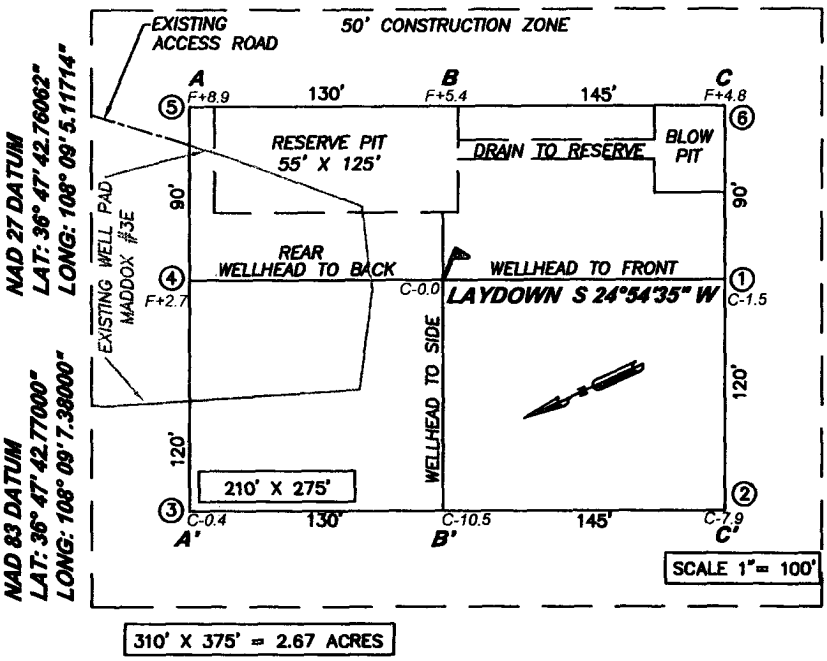
SIGNATURE Juanita Farrell TITLE Regulatory Specialist DATE 10/24/2006

Type or print name Juanita Farrell E-mail address: Telephone No. 505-326-9597

For State Use Only

APPPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE NOV 14 2006

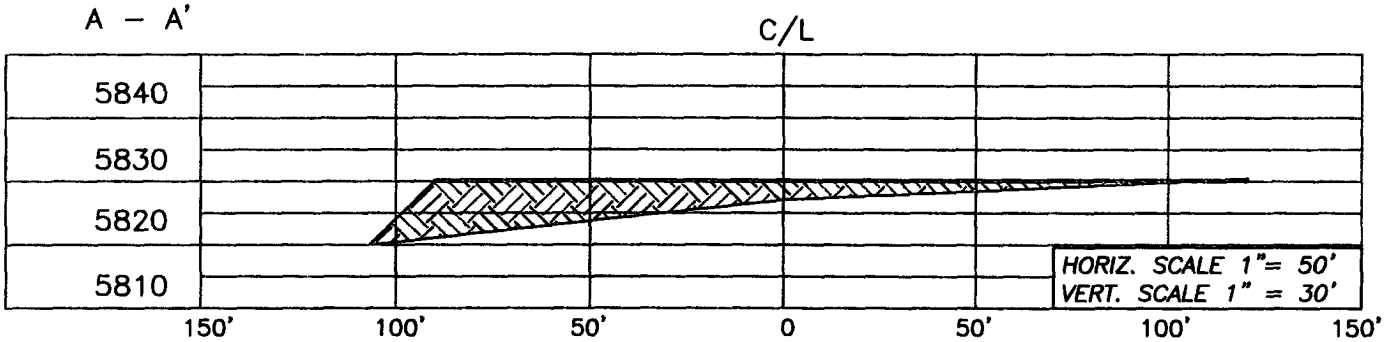
Conditions of Approval (if any):



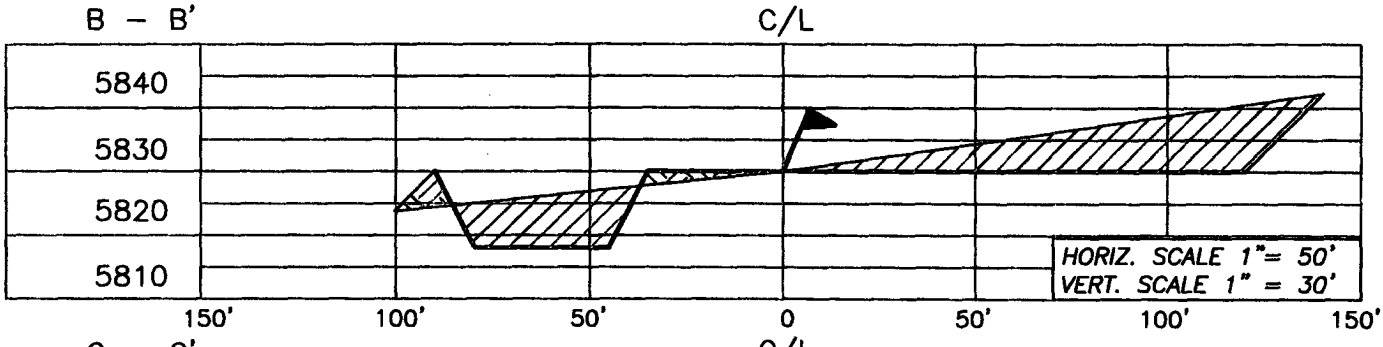
CONOCOPHILLIPS COMPANY

MADDOX WN FEDERAL 9
1383' FSL, 1166' FEL
SECTION 24, T30N, R13W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
ELEV.: 5,830.1' NADV88
NO NEW ACCESS

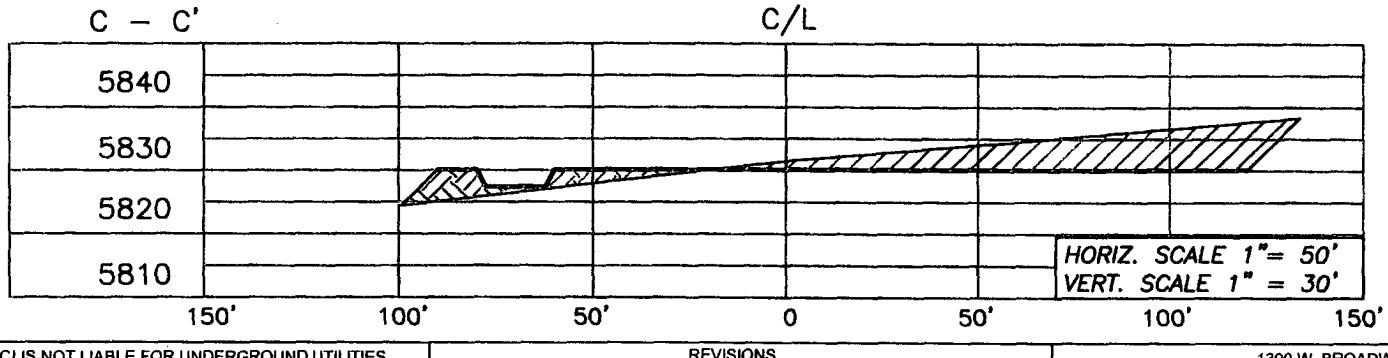
A – A'



B – B'



C – C'



NOTE: CCI IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.

CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD PRIOR TO CONSTRUCTION.

REVISIONS			
NO.	DESCRIPTION	REVISED BY	DATE

CCI
1300 W. BROADWAY
BLOOMFIELD,NM, 87413
PHONE: (505)632-7777
CHENAULT CONSULTING INC.

ConocoPhillips

San Juan Business Unit

PROJECT PROPOSAL - New Drill / Sidetrack

MADDOX WN FEDERAL 9

Lease:	AFE #: WAN.CNV.7185			AFE $:
Field Name: NEW MEXICO-WEST	Rig:	State: NM	County: SAN JUAN	API #:
Geoscientist: Brain, Ted H.	Phone: 832-486-2592	Prod. Engineer:		Phone: 486-2334
Res. Engineer: Harrington, Tim R.	Phone: 832-486-2207	Proj. Field Lead: Fransen, Eric E.		Phone:

Primary Objective (Zones):

Zone	Zone Name
R20001	FRUITLAND COAL(R20001)

Location: Surface	Datum Code: NAD 27				**Straight Hole**
Latitude: 36.795211	Longitude: -108.151421	X:	Y:	Section: 24	Range: 13W
Footage X: 1166 FEL	Footage Y: 1383 FSL	Elevation: 5830 (FT)	Township: 30N		
Tolerance:					

Location Type: Year Round	Start Date (Est.):	Completion Date:	Date In Operation:

Formation Data: Assume KB = 5848 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216 546	5632	☐			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
OJAM	348	5500	☐			Possible water flows.
KRLD	498	5350	☐			
FRLD	1543	4305	☐			Possible gas.
PCCF	1943	3905	☐			
Total Depth	2093	3755	☐			7-7/8" hole. 5 1/2" 17 ppf, N-80, LTC casing, Circulate cement to surface

Reference Wells:

Reference Type	Well Name	Comments

Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo

TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☑ TDT

Additional Information:

Log Ty C. HARRADEN/ November 2, 2006

BURLINGTON RESOURCES/ Maddox WN Federal #9 APD

Commen STIPULATION/CONDITION OF APPROVAL

This well is located in a growing area where home development is occurring and water wells are being drilled into the Ojo Alamo aquifer. In order to protect the integrity of the Ojo Alamo fresh water aquifer, a minimum surface csg. depth of 546' is stipulated as a condition of approval for this APD.

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Maddox WN Federal #9

APD Cement Calculations

HOLE:	12.25 "
CSG OD:	9.625 "
CSG ID:	9.001 "
WGT:	32.3 ppf
GRADE:	H-40
EXCESS:	125 %
DEPTH:	~~276~~ 546'

SURFACE:

Option 1

136 sx	Comp. Strength		
28.4 bbls	6 hrs	250	psi
159.6 cuft	8 hrs	500	psi
1.17 ft^3/sx			psi
15.8 ppg			
4.973 gal/sx			

Class G Cement
+ 3% S001 Calcium Chloride
+ 0.25 lb/sx D029 Cellophane Flakes

Option 2

132 sx	Comp. Strength		
28.4 bbls	6 hrs	250	psi
159.6 cuft	8 hrs	500	psi
1.21 ft^3/sx			
15.6 ppg			
5.29 gal/sx			

Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Flocele

Option 3

65 sx	Comp. Strength		
18.6 bbls	8 hrs	475	psi
104.3 cuft	24 hrs	1375	psi
1.61 ft^3/sx			
14.5 ppg			
7.41 gal/sx			

Type I-II Ready Mix
+ 20% Fly Ash

HOLE:	7.875 "
CSG OD:	5.5 "
CSG ID:	4.892 "
WGT:	17 ppf
GRADE:	N-80
EXCESS:	150 %
TAIL:	419'
DEPTH:	2093'

PRODUCTION LEAD:

Option 1

254 sx	Comp. Strength		
123.2 bbls	9 hrs	300	psi
691.8 cuft	48 hrs	525	psi
2.72 ft^3/sx			
11.7 ppg			
15.74 gal/sx			

Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal

Option 2

266 sx	Comp. Strength		
123.2 bbls	1:47 hrs	50	psi
691.8 cuft	12 hrs	350	psi
2.60 ft^3/sx	24 hrs	450	psi
11.5 ppg			
14.62 gal/sx			

Type III Ashgrove Cement
+ 30 lb/sx San Juan Poz
+ 3% Bentonite
+ 5.0 lb/sx Phenoseal

Option 3

263 sx	Comp. Strength		
123.2 bbls	3 hrs	100	psi
691.8 cuft	24 hrs	443	psi
2.63 ft^3/sx			
11.7 ppg			
15.92 gal/sx			

Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet

PRODUCTION TAIL:

Option 1

143 sx	Comp. Strength		
33.3 bbls	3:53	500	psi
186.9 cuft	8:22	1000	psi
1.31 ft^3/sx	24 hrs	3170	psi
13.5 ppg	48 hrs	5399	psi
5.317 gal/sx			

50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% S001 Calcium Chloride
+ 2% D020 Bentonite
+ 1.5 lb/sx D024 Gilsonite Extender
+ 0.1% D046 Antifoamer
+ 6 lb/sx Phenoseal

Option 2

141 sx	Comp. Strength		
33.3 bbls	2:05	50	psi
186.9 cuft	4:06	500	psi
1.33 ft^3/sx	12 hrs	1250	psi
13.5 ppg	24hrs	1819	psi
5.52 gal/sx			

50/50 Poz: Standard Cement
+ 2% Bentonite
+ 6.0 lb/sx Phenoseal

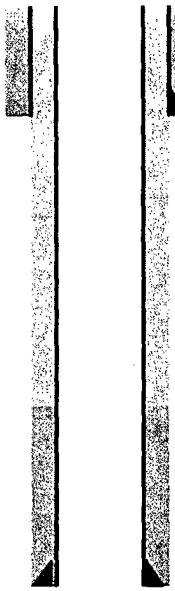
Option 3

146 sx	Comp. Strength		
33.3 bbls	24 hrs	1850	psi
186.9 cuft	48 hrs	3411	psi
1.28 ft^3/sx			
13.5 ppg			
5.255 gal/sx			

50/50 Poz: Class G Cement
+ 2% D020 Bentonite
+ 5.0 lb/sx D024 Gilsonite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoamer
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet

SDR

Maddox WN Federal #9



HOLE: 12.25 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %

DEPTH: 276' 546'

SURFACE:

INTERMEDIATE LEAD:

Option 4			Option 5		
240 sx	Comp. Strength		**329 sx**	Comp. Strength	
123.2 bbls	1:47	50 psi	123.2 bbls	10:56	500 psi
691.8 cuft	12 hrs	350 psi	691.8 cuft	42 hrs	1012 psi
2.88 ft^3/sx	24 hrs	450 psi	2.10 ft^3/sx		
11.5 ppg			11.7 ppg		
16.85 gal/sx			11.724 gal/sx		
Standard Cement			75% Type XI / 25% Class G Cement		
+ 3% Econolite (Extender)			+ 0.25 lb/sx D029 Cellophane Flakes		
+ 10 lb/sx Phenoseal			+ 3% D079 Extender		
			+ 0.20% D046 Antifoam		

HOLE: 7.875 "
CSG OD: 5.5 "
CSG ID: 4.892 "
WGT: 17 ppf
GRADE: N-80
EXCESS: 150 %

TAIL: 419'

DEPTH: 2093'

INTERMEDIATE TAIL:

If the 9 5/8" surface casing is preset drilled (MOTE) will cement w/75 sx Type I-II cement w/20% Flyash mixed @ 1.61 cf/sx. Will bring cement to surface. Wait on cement for 24 hours for pre-set hole before pressure testing or drilling out. If H&P rig is used to drill the well will use 13 1/2" surface hole then will adjust cement to insure cement reaches surface.

TOPSET FRUITLAND COAL Wells: (topset casing above coal to prepare for cavitation/DO/UR)

Drilling Mud Program:
Surface: spud mud
Intermediate: fresh water mud with bentonite and polymer as needed
Below Intermediate: air/mist/nitrogen drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:
Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints
Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints
Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale
Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

CASE & FRAC FRUITLAND COAL Wells: (casing set below coal to prepare for frac completion)

Drilling Mud Program:
Surface: spud mud
Production: fresh water mud with bentonite and polymer as needed

Centralizer Program:
Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints
Production: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints
Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

MESA VERDE Wells:

Drilling Mud Program:
Surface: spud mud
Intermediate: fresh water mud with bentonite and polymer as needed
Below Intermediate: air/mist drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:
Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints
Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints
Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale
Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

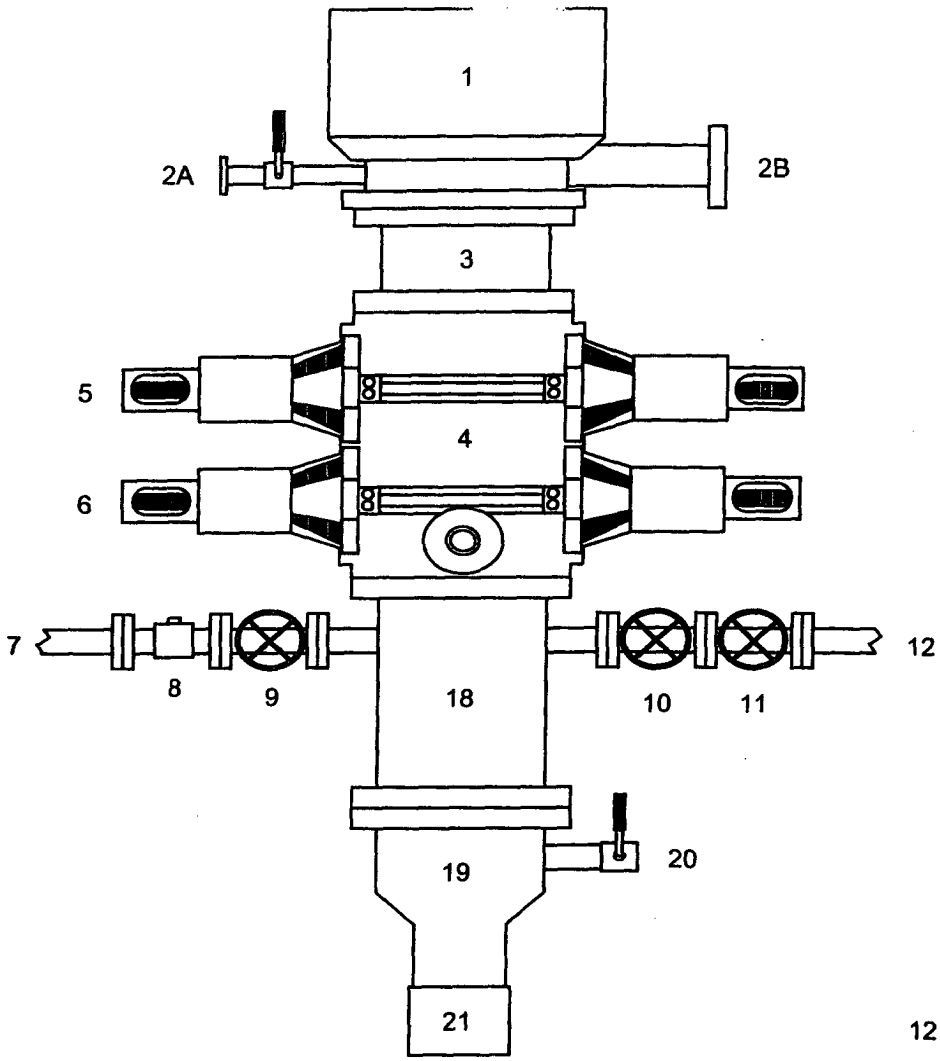
DAKOTA Wells:

Drilling Mud Program:
Surface: spud mud
Intermediate: fresh water mud with bentonite and polymer as needed
Below Intermediate: air/mist/nitrogen drilling media with foamer, polymer, & corrosion inhibitor as needed

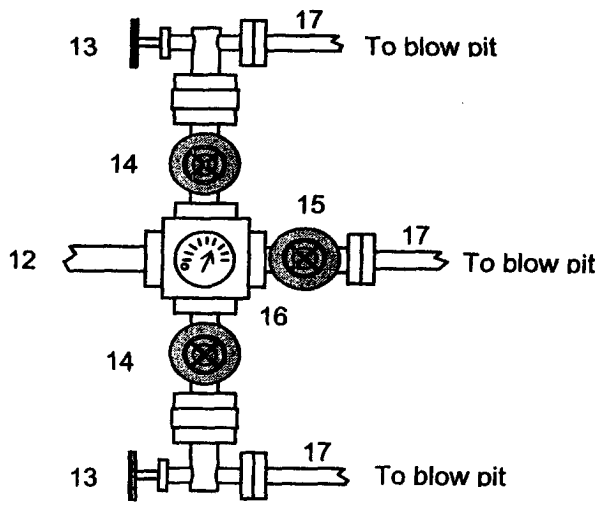
Centralizer Program:
Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints
Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints
Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale
Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to Intermediate Casing Point & Setting 5 1/2" Intermediate Casing



1. Rotating Head
2A. Fill-up Line & valve
2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 3000 psi)
5. Pipe Rams
6. Blind Rams
7. Kill Line
8. Kill Line Check Valve
9. Kill Line Valve
10 Inner Choke Line Valve (3")
11. Outer Choke Line Valve (3")
12. Choke Line (3")
13. Variable Choke
14. Choke Line Valve (2")
15. Panic Line Valve (3")
16. Choke Manifold Pressure Gauge
17. Choke Line (2")
18. Mud Cross Spacer Spool
19. Casing Head "A" Section
20. Casing Head "A" Section 2" Valve
21. 9 5/8" Casing Collar



A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 minutes and to 1000 psi (high pressure test) for 10 minutes. Then the test plug will be removed, and the **9-5/8" casing will be pressure tested** against closed blind rams to 200 psi to 300 psi for 10 minutes and **to 1000 psi for 30 minutes** (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory requirements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then a 7-7/8" hole will be drilled to production casing point and 5 1/2" intermediate casing will be run and cemented.

In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use